

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6628

BILL NUMBER: SB 336

NOTE PREPARED: Dec 28, 2011

BILL AMENDED:

SUBJECT: Indiana Economic Development Corporation.

FIRST AUTHOR: Sen. Waltz

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *IEDC Contracts:* This bill provides that the Indiana Economic Development Corporation (IEDC) may enter into a contract only if the contract is reviewed and approved by the Attorney General in the same manner provided by law for the Attorney General's review and approval of contracts to which a state agency is a party.

IEDC Board: The bill specifies that in carrying out its duties (including making or approving any grants, loans, loan guarantees, or tax credits), the IEDC Board shall act with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

Twenty-First Century Research and Technology Fund: The bill provides that in addition to any other requirements, the IEDC Board may not approve an application for a grant or loan from the Twenty-First Century Research and Technology Fund unless the applicant matches the grant or loan at a rate that is not less than \$4 of private capital for each \$1 granted or loaned from the fund to the applicant. It requires the IEDC Board to review applications for a grant or loan from the Twenty-First Century Research and Technology Fund to determine that the resources the applicant and other entities have committed to the financing of the project are likely to be available for use in financing the project. The bill also provides that the IEDC Board may require an applicant to post a bond or deposit an amount with a depository or trustee or in an escrow account to ensure that the resources committed to the financing of the project will be available.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *IEDC Contracts:* Requiring the Attorney General to review and approve all contracts will increase expenses for the Attorney General. According to the IEDC, the Attorney General has not approved contracts since 2005.

Twenty-First Century Research and Technology Fund: This bill provides that certain requirements be met before an application for a grant or loan from the fund may be approved by the IEDC Board. The new requirements will only affect grants or loans from the fund beginning in FY 2013.

During FY 2011, the Twenty-First Century Research and Technology Fund made investments in 11 Indiana companies totaling \$7.95 M through its direct awards program. These awards were matched by \$16.35 M in private capital. From 1999 to 2009, the fund made 452 awards totaling \$265 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General; IEDC.

Local Agencies Affected:

Information Sources: Eric Shields, IEDC, 317-234-3997; IEDC, *21st Century Research & Technology Fund, 10th Report to the Indiana General Assembly*, FY 2010-2011.

Fiscal Analyst: Jessica Harmon, 317-232-9854.